



## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the board ("Board") of directors ("Directors") of M-Resources Group Limited ("Company") collectively and individually accept full responsibility, includes particulars in compliance with the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") for giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.*

## UNAUDITED THIRD QUARTERLY RESULTS

The Board would like to present the unaudited condensed consolidated results (“Results”) of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 30 September 2021 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding periods in 2020, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000 (Re-presented)	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Continuing operations</b>					
<b>Revenue</b>	2	<b>8,865</b>	7,757	<b>19,194</b>	18,168
Cost of sales		(7,652)	(6,733)	(16,904)	(15,539)
Gross profit		<b>1,213</b>	1,024	<b>2,290</b>	2,629
Other income and gains		–	35	<b>290</b>	1,442
Administrative expenses		(1,904)	(4,208)	(5,324)	(14,427)
Net loss on equity investment at fair value through profit or loss	4	–	(253)	–	(50)
Impairment loss on other receivables		(33)	–	(867)	–
Finance costs	3	(510)	(182)	(1,451)	(549)
Share of results of associates		–	(85)	–	(1,331)
<b>Loss before income tax expense</b>		<b>(1,234)</b>	(3,669)	<b>(5,062)</b>	(12,286)
Income tax	5	(283)	–	(522)	–
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(1,517)</b>	(3,669)	<b>(5,584)</b>	(12,286)
<b>Discontinued operation</b>					
(Loss)/gain from discontinued operations		–	(181)	–	2,027
<b>LOSS FOR THE PERIOD</b>		<b>(1,517)</b>	(3,850)	<b>(5,584)</b>	(10,259)
<b>Loss for the period attributable to: Owners of the Company</b>					
Loss for the period from continuing operations		(1,434)	(3,375)	(5,118)	(11,992)
(Loss)/gain for the period from discontinued operation		–	(708)	–	2,000
		<b>(1,434)</b>	(4,083)	<b>(5,118)</b>	(9,992)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Re-presented)		(Re-presented)
<b>Non-controlling interests</b>					
Loss for the period from continuing operations		(83)	(294)	(466)	(294)
Gain for the period from discontinued operation		–	527	–	27
		(83)	233	(466)	(267)
<b>Loss per Share from continuing operations and discontinued operation attributable to owners of the Company (HK cents)</b>					
	6				
Basic and diluted		(9.2)	(26.2)	(32.8)	(64.1)
<b>Loss per Share from continuing operations attributable to owners of the Company (HK cents)</b>					
	6				
Basic and diluted		(9.2)	(21.7)	(32.8)	(76.9)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
	(Re-presented)		(Re-presented)	
<b>LOSS FOR THE PERIOD</b>	<b>(1,517)</b>	<b>(3,850)</b>	<b>(5,584)</b>	<b>(10,259)</b>
<b>OTHER COMPREHENSIVE EXPENSE</b>				
<b>Items that may be subsequently reclassified to   profit or loss:</b>				
Currency translation balances	–	(40)	–	(25)
Less: Income tax effect	–	–	–	–
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX</b>	<b>–</b>	<b>(40)</b>	<b>–</b>	<b>(25)</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(1,517)</b>	<b>(3,890)</b>	<b>(5,584)</b>	<b>(10,284)</b>
<b>Total comprehensive for the period attributable to:</b>				
<b>Owners of the Company</b>				
Loss from continuing operations	<b>(1,434)</b>	(3,375)	<b>(5,118)</b>	(8,070)
(Loss)/gain from discontinued operation	–	(748)	–	1,975
	<b>(1,434)</b>	(4,123)	<b>(5,118)</b>	(6,095)
<b>Non-controlling interests</b>				
Loss from continuing operations	<b>(83)</b>	(294)	<b>(466)</b>	(4,216)
Gain from discontinued operation	–	527	–	27
	<b>(83)</b>	233	<b>(466)</b>	(4,189)
	<b>(1,517)</b>	<b>(3,890)</b>	<b>(5,584)</b>	<b>(10,284)</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The Results are prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

The Results are prepared under the historical cost basis, except for equity investment at fair value through other comprehensive income and debt investment at fair value through profit or loss which are stated at fair value. The principal accounting policies used in the preparation of the Results are consistent with those applied in the Company's annual report for the year ended 31 December 2020, other than those new and revised Hong Kong Financial Reporting Standards that affect the Group and are adopted for the first time in the Results.

### 2. REVENUE

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Continuing operations</b>				
<b>Revenue from contracts with customers</b>				
Sale of household products	7,482	7,188	13,831	17,391
Sale of plantation products	1,383	569	5,363	569
	<b>8,865</b>	<b>7,757</b>	<b>19,194</b>	<b>17,960</b>
<b>Revenue from other source</b>				
Loan interest income	–	–	–	208

#### Disaggregated Revenue Information

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Sales of plantation and household products</b>				
<i>Timing of revenue recognition</i>				
Goods transferred at a point of time	8,865	7,757	19,194	17,960
Total revenue from contracts with customers	<b>8,865</b>	<b>7,757</b>	<b>19,194</b>	<b>17,960</b>

## 3. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Continuing operations</b>				
Interest on other loans	363	172	1,017	511
Interest on bond	139	–	413	–
Interest on lease liabilities	8	10	21	38
	<b>510</b>	182	<b>1,451</b>	549
<b>Discontinued operation</b>				
Interest on other loan	–	277	–	647

## 4. NET LOSS ON EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

During the Reporting Period, the Group did not possess any equity investment at fair value through profit or loss. For the nine months ended 30 September 2020, the Group did not receive any dividend from its equity investment and recorded an unrealised loss arising from change in fair value of the equity investment of HK\$50,000.

## 5. INCOME TAX EXPENSES

## (a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated profits arising in Hong Kong.

## (b) PRC Enterprise Income Tax

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the enterprise income tax is calculated at a rate of 25%.

## (c) Deferred Taxation

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the three months and nine months ended 30 September 2021.

## 6. LOSS PER SHARE

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Loss for the period</b>				
Loss for the period from continuing operations and discontinued operation attributable to owners of the Company for the calculation of basic loss per Share	<b>(1,434)</b>	(4,083)	<b>(5,118)</b>	(9,992)
<b>Continued operations</b>				
Loss for the period from continuing operations attributable to owners of the Company for the calculation of basic loss per Share	<b>(1,434)</b>	(3,375)	<b>(5,118)</b>	(11,992)
	Number of Shares			
	For the three months ended 30 September		For the nine months ended 30 September	
	2021 '000	2020 '000 (Re-presented)	2021 '000	2020 '000 (Re-presented)
Weighted average number of Shares in issue during the period, used in the basic loss per Share calculations*	<b>15,586</b>	15,586	<b>15,586</b>	15,586

\* The weighted average number of the shares of the Company ("Shares") for the three months and the nine months ended 30 September 2020 has been adjusted by the redemption of 2.6 million Shares in January 2021 and the share consolidation in February 2021, as if they have become effective since 1 January 2020.

## 7. DIVIDEND

The Board does not recommend payment of dividend for the Reporting Period (2020: Nil).

## 8. COMPARATIVE FIGURES

Certain comparative figures and items have been adjusted and reclassified to conform with the presentation of the current period.

## 9. RESERVES

## For the nine months ended 30 September 2021

	Attributable to owners of the Company								
	Shares held for share		Other reserve	Fair value reserve	Exchange reserve	(Accumulated losses)/ Retained earnings	Sub-total	Non-controlling interests	Total
	Share premium	award scheme							
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 1 January 2021 (audited)</b>	5,293	(5,501)	-	(10)	-	(43,278)	(43,496)	-	(43,496)
Loss for the period	-	-	-	-	-	(5,118)	(5,118)	(466)	(5,584)
Total comprehensive expense for the period	-	-	-	-	-	(5,118)	(5,118)	(466)	(5,584)
Cancellation of shares held for share award scheme	(5,293)	5,501	-	-	-	-	208	-	208
Partial disposal of subsidiary	-	-	-	-	-	209	209	(209)	-
<b>As at 30 September 2021 (unaudited)</b>	-	-	-	(10)	-	(48,187)	(48,197)	(675)	(48,872)
<b>At 1 January 2020 (audited and restated)</b>	5,293	(5,501)	(9,889)	-	(516)	19,869	9,256	5,650	14,906
Loss for the period	-	-	-	-	-	(9,992)	(9,992)	(267)	(10,259)
Other comprehensive income/(expense) for the period:									
Share of other comprehensive income of associates	-	-	-	-	-	-	-	(3,922)	(3,922)
Fair value gain on debt investment at fair value through other comprehensive income	-	-	-	3,922	-	-	3,922	-	3,922
Exchange differences on translation of foreign operations	-	-	-	-	(25)	-	(25)	-	(25)
Total comprehensive income/(expense) for the period	-	-	-	3,922	(25)	(9,992)	(6,095)	(4,189)	(10,284)
<b>As at 30 September 2020 (unaudited)</b>	5,293	(5,501)	(9,889)	3,922	(541)	9,877	3,161	1,461	4,622

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL AND BUSINESS REVIEW

The Group is principally engaged in the Plantation and Household Business and the Financial Services Business. During the Reporting Period, the Group's revenue increased by 5.6% to HK\$19.2 million (2020: HK\$18.2 million) attributable to the inclusion of plantation products in its product offerings. For the three months ended 30 September 2020, the Group recorded revenue of HK\$8.9 million which represented an increase of 14.3% from the corresponding period in 2020. However, as the plantation products commanded lower profit margin, the gross profit and gross profit margin during the Reporting Period amounted to HK\$2.3 million (2020: 2.6 million) and 11.9% (2020: 14.5%) respectively. The Group would continue to make efforts to broaden its product offerings and customer base amid the COVID-19 pandemic and the Sino-United States conflicts.

For the Reporting Period, consolidated loss and consolidated loss attributable to owners of the Company narrowed to HK\$5.6 million (2020: HK\$10.3 million) and HK\$5.1 million (2020: HK\$10.0 million) respectively. Basic and diluted loss per Share attributable to the owners of the Company was HK32.8 cents (2020: HK64.1 cents).

Since almost all of the transactions of the Group and its recognised financial assets and liabilities are denominated either in Hong Kong dollars, United States dollars or Renminbi and the exchange rates of these currencies have been quite stable, the Group's foreign currency risk is not material and does not have a foreign currency hedging policy. However, the Group will continuously monitor its foreign exchange exposure and apply appropriate measures if necessary. The Group's businesses are also subject to certain risks including price fluctuations and competition of its product offerings.

## **PROSPECTS**

The Company promptly responded to the debt crisis resulted from the below mentioned petition and has been pursuing a debt restructuring by way of scheme of arrangement in order to reduce the outstanding liabilities of the Company and restore its financial position to normality. As at the date of this report, the Company had solicited support from creditors of not less than 75% in value and not less than 50% in number to participate in the scheme. Pursuant to an arrangement with the High Court of Hong Kong, the scheme document will be submitted to the court in the first quarter of 2022 for application for leave to convene a creditors meeting. Upon the creditors' approval at the creditors meeting, the scheme will become effective after sanctioning by the court. Under the scheme, the creditors of the Company are entitled to elect settlement in cash or by allotment and issue of new shares of the Company for settlement of all of their claims against the Company. Depending on the final level of acceptance by the creditors in electing settlement by new shares of the Company, the Company may issue new shares under general mandate or specific mandate, which, in the latter case, would require shareholders' approval. The Company will make further announcements in this regard to keep the shareholders updated of the development.

The support from the creditors strongly indicated that the majority of the creditors of Company intend to rescue the Company and are confident in the prospects of the Company as evidenced by their agreement to participate in the scheme to become shareholders of the Company. The Directors believe that the scheme would benefit all of the stakeholders of the Company including the shareholders (particularly the public shareholders), the creditors and the employees.

Looking ahead, the challenges arising from the combined effect of the continuing Sino-United States conflict, the drastic changes in the business environment and disruption of global and regional supply chains in the midst of the pandemic, particularly the global spread of the COVID-19 variants, the worldwide potential interest and inflation hikes, will continue to cast uncertainty on the global and local economy and may inevitably and adversely impact on the Group's business operations.

Admittedly, this is a very difficult period for all but the Company is confident that it will be able to survive all these challenges. The Company, after trading in the shares of the Company resumes and the scheme is successfully implemented, is confident that its financial position will return to normality and its businesses will progress steadily with good prospects.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group did not have any material event after the Reporting Period.

## **CAPITAL COMMITMENTS**

The Group did not have any material commitment during the Reporting Period.

## **LITIGATION**

In May 2021, a petition was filed by a creditor of the Company to the High Court of Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) to wind up the Company on the grounds that the Company was insolvent and unable to pay its debt of HK\$8 million plus unpaid interest and cost thereon. As described in the section headed "Prospects", the Company intends to contemplate a debt restructuring by way of a scheme of arrangement to resolve its liabilities.

## **OTHER INFORMATION**

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 September 2021, none of the Directors and the chief executive of the Company had any interest and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

As at 30 September 2021, no other Director or the chief executive of the Company or their associates had any interest or right to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their respective associates (including spouses or children under eighteen years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a Director and the chief executive of the Company) had interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying right to vote at general meetings of the Company.

Name of shareholders	Capacity of interest	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company <i>(Note)</i>
Mega Trillion International Corporation	Corporate owner	2,596,875	–	16.66%
Landmass Investments Limited	Corporate owner	1,517,212	–	9.73%
Jade Metro Limited	Corporate owner	1,031,250	–	6.62%

Note: Based on 15,585,331 Shares in issue as of 30 September 2021.

## SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, the Company may grant options to eligible participants to subscribe for the Shares (the principal terms of which are set out in the Company's circular dated 27 April 2011). As at 30 September 2021, the Company had no options outstanding and no Share Option was granted during the Reporting Period.

## DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Reporting Period, save for the redemption of the Shares under its share award scheme, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **COMPETING INTERESTS**

None of the Directors or the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group during the Reporting Period.

## **COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms not less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made enquiry to all Directors and each of them has confirmed his/her compliance with the required standard of dealings and code of conduct concerning securities transactions by the Directors during the Reporting Period.

## **CORPORATE GOVERNANCE**

During the Reporting Period, the Company has complied with the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules, except for the office of the chief executive officer of the Company is vacated. The Board will continue to review the current structure of the Board from time to time and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

## **AUDIT COMMITTEE**

As at the date of this report, the audit committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the audit committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The audit committee's primary duties include ensuring that the Group's financial statements, annual and interim reports, and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial control, internal control and risk management systems; and reviewing the Group's financial and accounting policies and practices. The audit committee is provided with sufficient resources to enable it to discharge its duties.

## **APPROVAL OF THE THIRD QUARTERLY REPORT 2021**

The audit committee has reviewed this quarterly report for the Reporting Period and was of the opinion that the preparation of this quarterly report is complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board  
**M-Resources Group Limited**  
**He Xuemei**  
*Chairperson*

Hong Kong, 31 January 2022